



MBankHouston
A Momentum Bank

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RECORDATION NO. _____ Filed 1428

August 12, 1987

AUG 20 1987 2 22 PM

7-232A040

No.

Date AUG 20 1987

Fee \$ 10.00

ICC Washington, D.C.

INTERSTATE COMMERCE COMMISSION
Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

Dear Sir:

Enclosed are the original and one notarized copy of a Security Agreement transmitted to you for recordation pursuant to 49 U.S.C. §11303 and 49 C.F.R. §1177 et seq.

Also enclosed is a cashier's check payable to your order for \$10 to pay the required recordation fee.

The names and addresses of the parties to the transaction evidenced by the enclosed Security Agreement are as follows:

DEBTOR: Pifer Tank Car Company
750 Pifer
Houston, Texas 77024

BORROWER: Gardner W. Heidrick, Jr.
750 Pifer
Houston, Texas 77024

SECURED PARTY: MBank Houston, National
Association
910 Travis Street
Houston, Texas 77002

Attention: Mr. Randell E. Schroeder
Vice President

Pursuant to the terms of the Security Agreement, Borrower has sought and received financial accommodations from Secured Party and Debtor has provided the collateral as security for such financial accommodations. The collateral covered by the enclosed Security Agreement includes equipment which may be generally described as Railway Equipment, and any leases or other contracts in respect of such Railway Equipment. The Railway Equipment is more particularly described as follows:

ICC OFFICE OF
THE SECRETARY
AUG 20 12 13 PM '87
MOTOR OPERATING UNIT

5683Z

910 Travis PO Box 2629 Houston, Texas 77252 713 751 6100
Member MCorp

Counterpart - Stephen Tucker

Secretary of the Interstate
Commerce Commission
August 12, 1987
Page 2

Five (5) 23,500 gallon general purpose tank cars, DOT111A100W3, each bearing one of the following identifying numbers: GLNX 86012; GLNX 86013; GLNX 86033; GLNX 86053; and GLNX 86065; and

Three (3) 23,500 gallon general purpose tank cars, DOT111A100W3, each bearing one of the following identifying numbers: PIFX 1024; PIFX 1025; and PIFX 1031.

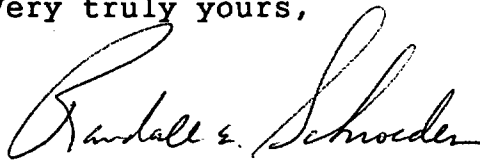
The name and address of the person to whom the enclosed original document should be returned is as follows:

Fulbright & Jaworski
1150 Connecticut Ave., N.W.
Washington, D.C. 20036

Attention: Susan E. Labanowski

The undersigned is an executive officer of Bank of MBank Houston, National Association, with knowledge of the matters set forth in this letter of transmittal. If there are questions concerning the enclosed, do not hesitate to contact our attorneys, Fulbright & Jaworski, by letter to the above address or collect call to Ms. Susan E. Labanowski at (713) 651-5151.

Very truly yours,


Vice President

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Susan E. Labanowski
Fulbright & Jaworski
1150 Connecticut Ave. N.W.
Washington, D.C. 20036

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 8-20-87 at 12:20PM, and assigned re-
recording number(s). Rec. No. 15292

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

AUG 20 1987 - 2 20 PM

LOAN AGREEMENT AND SECURITY AGREEMENT
INTERSTATE COMMERCE COMMISSION

This LOAN AGREEMENT and SECURITY AGREEMENT ("Agreement") by and between GARDNER W. HEIDRICK, JR. whose address is 750 Pifer, Houston, Texas 77024, (the "Borrower"), PIFER TANK CAR COMPANY, a Texas corporation (hereinafter referred to as "Debtor") whose address is 750 Pifer, Houston, Texas 77024, and MBANK HOUSTON, NATIONAL ASSOCIATION, whose street address is 910 Travis Street, Houston, Texas 77002 and whose mailing address is P. O. Box 2629, Houston, Texas 77252 (the "Bank" and sometimes otherwise referred to herein as "Secured Party"),

W I T N E S S E T H:

WHEREAS, Borrower desires to obtain financial accommodations from Bank for the purpose of refinancing the original loan, the proceeds of which were utilized by Borrower to purchase the Collateral (as hereinafter defined) for ownership by Debtor;

WHEREAS, Bank has agreed to provide certain financial accommodations to refinance the original loan and will be granted a security interest in certain property of Debtor to secure payment of the Obligations (as hereinafter defined);

WHEREAS, Borrower is the sole shareholder of Debtor and, as such, provides Debtor substantial financial and maintenance assistance needed and useful to Debtor's operations;

WHEREAS, pursuant to corporate resolutions adopted by the Board of Directors of Debtor dated effective as of August 4, 1987, wherein it was determined that (i) Debtor has benefited from the original loan and will continue to benefit from the loan proceeds extended to Borrower pursuant to this Agreement, (ii) Debtor will benefit from the granting of the security interest herein provided and the entry into, and performance of, the provisions of this Agreement, and (iii) it is in the best interest of Debtor in its current and future business operations and is of a material and direct benefit to it, and as to which it has received adequate, fair and valuable consideration to enter into this Agreement, and the other related and necessary documentation, to provide the Collateral to secure the Obligations of Borrower hereunder; and

WHEREAS, Debtor desires to grant a security interest in certain of its property to Bank for the purpose of inducing Bank to extend financial accommodations to Borrower;

NOW, THEREFORE, in consideration for the premises, representations, covenants and agreements herein contained and referenced, and for other good, valuable and fair considerations, the receipt and sufficiency of all of which are hereby recognized and acknowledged by Borrower, Debtor and Bank, each party hereto agrees as follows:

SECTION 1. AMOUNT AND TERMS OF CREDIT

1.01. Upon and subject to the terms and conditions of this Agreement, Bank agrees to lend Borrower, on or after the date hereof the sum of ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$140,000) (the "Loan"). Any and all financial accommodations made in connection with the Loan shall be payable in consecutive quarterly installments of principal and, in addition, accrued interest on the portion of the Loan from time to time remaining outstanding and unpaid, all in accordance with the provisions of the "Note" (as hereinafter defined).

1.02. The Loan will be evidenced by the promissory note (the "Note"), in form and substance satisfactory to Bank, duly executed by Borrower, in the original principal amount of ONE HUNDRED FORTY THOUSAND AND NO/100 DOLLARS (\$140,000) payable to the order of Bank in consecutive quarterly installments consisting of principal, together with all earned, accrued and unpaid interest on the portion of the Loan from time to time remaining outstanding and unpaid, each of the first seven (7) installments shall be in the amount of \$6,000 and the final and eighth (8th) installment shall be in the amount of the principal balance remaining outstanding and unpaid, together with all earned, accrued and unpaid interest thereon, such installments being due and payable commencing on November 4, 1987, and continuing each February 4, May 4, August 4 and November 4 thereafter, with the final such installment being due and payable on August 4, 1989, when in any event the Note shall fully mature and the final payment shall be payable in an amount equal to the entire principal then unpaid and all interest then earned, accrued and unpaid (the "Maturity Date"). All payments of quarterly installments on the Note shall be applied first to the interest then accrued and the balance, if any, to principal.

The Note shall bear interest on any and all principal amounts from time to time remaining outstanding and unpaid thereunder from the date thereof until the Maturity Date at a per annum rate of interest equal to the lesser of (a) the Base Rate (as hereinafter defined), or (b) the Maximum Rate (as hereinafter defined) from time to time in effect.

For purposes of this Agreement, the following terms shall have the following meanings:

"Applicable Law" shall mean the law in effect from time to time applicable to this Agreement and the transaction evidenced by, and arising in connection with, this Agreement which lawfully permits the charging and collection of the highest permissible lawful, non-usurious rate of interest on this Agreement and the transaction evidenced by, and arising in connection with, this Agreement including laws of the State of Texas, and, to the extent controlling, of the United States of America. To the extent that Applicable Law is determined by reference to Article 1.04, Title 79, Revised Civil Statutes of Texas, 1925, as amended, the interest ceiling applicable hereto in connection herewith shall be the "indicated" (weekly) rate ceiling as defined in Article 1.04; provided, however, it is agreed that the terms hereof, including the rate, or index, formula, or provision of law used to compute the rate in connection herewith, will be subject to the revisions as to current and future balances, from time to time, pursuant to Applicable Law.

"Base Rate" shall mean a varying rate per annum which shall from day to day be equal to the sum of the rate of interest per annum then most recently established by the Bank as its MCorp Base Rate in effect from day to day plus 1%, each such change in the rate of interest charged hereunder to become effective, without notice to Borrower or Debtor, on the effective date of each change in the MCorp Base Rate, computed on the basis of a year of 365 days and for the actual number of days elapsed (including the first day but excluding the last day).

"Maximum Rate" shall mean the maximum lawful non-usurious rate of interest (if any) which, under Applicable Law, Bank is permitted to charge Borrower on the loan transaction evidenced by, and arising in connection with, this Agreement and the Note from time to time in effect, including changes in such Maximum Rate attributable to changes under Applicable Law which permit a greater rate of interest to be contracted for, charged, collected, received or taken as of the effective dates of the respective changes.

"MCorp Base Rate" shall mean at any time the rate of interest per annum then most recently established by Bank as its MCorp Base Rate.

1.03. Debtor, for and in considerations of the premises, the agreements herein contained and for other good, fair and valuable considerations, the receipt and sufficiency

of which are hereby acknowledged by Debtor, hereby assigns, transfers and sets over to Secured Party, and grants to Secured Party a security interest, in the following property for and on behalf of Borrower (hereinafter collectively referred to as the "Railway Equipment"):

Five (5) 23,500 gallon general purpose tank cars, DOT111A100W3, each bearing one of the following identifying numbers: GLNX 86012; GLNX 86013; GLNX 86033; GLNX 86053; and GLNX 86065;

Three (3) 23,500 gallon general purpose tank cars, DOT111A100W3, each bearing one of the following identifying numbers: PIFX 1024; PIFX 1025; and PIFX 1031;

and any and all additions, accessions and substitutions to or for the Railway Equipment, whether now owned or hereafter acquired and any accounts, notes, drafts, acceptances, instruments, chattel paper, leases or general intangibles in respect to the Railway Equipment, now or hereafter existing, and all rights of Debtor earned or yet to be earned under contracts to sell or lease, or render services in respect to, the Railway Equipment, including, but without limitation:

The Management Agreement by and between GLNX Corporation and Debtor, dated June 18, 1986; and

The Management Agreement by and between On-Track Railcar Services, Inc. and Debtor, dated May 15, 1987;

(hereinafter the Management Agreements above referenced and any and all amendments and modifications thereto and replacements and substitutions therefor shall collectively be referred to as the "Management Agreements" and individually each a "Management Agreement") and all monies, income, rentals, revenues, profits, benefits, proceeds or products thereof and attributable or accruing to all of the above-described property, all hereinafter collectively referred to as the "Collateral".

The security interest granted and assignment made herein secures the performance of all obligations and agreements, and the payment of all indebtedness and liabilities, of Borrower and Debtor to Secured Party including, without limitation, the Note (hereinafter called the "Obligations"), whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising, and all renewals, extensions and rearrangements of the above Obligations, and any of the same, including costs and expenses and attorney's fees and legal

expenses, all in accordance with the terms of the Note, and other evidences of, and items included in, the Obligations and this Agreement. Unless otherwise agreed, all of the Obligations shall be payable at the offices of Bank in the City of Houston, Harris County, Texas.

Debtor has delivered an original executed copy of each Management Agreement to Bank and Debtor further agrees to deliver any new management agreement that may be executed in connection with the Collateral which comes into its possession within ten (10) days of execution of each agreement or lease. Debtor agrees to deliver to all other parties to the Management Agreement a Notice of Assignment and Security Interest in form and substance satisfactory to Bank.

SECTION 2. REPRESENTATIONS, COVENANTS AND AGREEMENTS OF DEBTOR

Debtor represents, covenants and agrees that:

2.01. The financial accommodations extended by Secured Party to Borrower under and in connection with the Note will materially benefit Debtor, and Debtor hereby acknowledges that said material benefit constitutes good, valuable, fair and sufficient consideration for the execution and performance by Debtor of this Agreement. Debtor acknowledges further that Secured Party is expressly relying on Debtor's execution and performance of this Agreement to induce Secured Party to provide the aforementioned financial accommodations.

2.02. Except for the security interest granted hereby, Debtor is the owner and holder of all the Collateral free from any adverse claim, security interest, encumbrance, lien, charge or any other right, title or interest of any person other than Secured Party; Debtor has full power and lawful authority to sell, transfer, pledge and assign the Collateral to Secured Party and to grant to Secured Party a first, prior and valid security interest therein, and the execution, delivery and performance by Debtor of this Agreement is effective to create such a first, prior and valid security interest in the Collateral in favor of Secured Party; the execution, delivery and performance of this Agreement are not in contravention of any indenture, agreement or undertaking to which the Debtor is a party or by which the Debtor is bound; and Debtor will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

2.03. (a) Debtor has not heretofore signed or permitted to be signed on its behalf any financing statement or security agreement which covers any of the Collateral, and no

such or any other financing statement or security agreement is now on file in any public office in respect to the Collateral.

(b) As long as any of the Obligations remain unperformed, or as long as any amount remains unpaid on any of the Obligations or on any indebtedness or liabilities of Borrower or Debtor to Secured Party, or as long as any credit from Secured Party to Borrower is in use by or available to Borrower, (i) Debtor will not enter into or execute or permit to be entered into or executed, any security agreement or any financing statement covering the Collateral other than those security agreements and financing statements in favor of Secured Party hereunder, and further (ii) there will not be on file in any public office any financing statement or statements (or any documents or papers filed as such) covering the Collateral other than financing statements in favor of Secured Party hereunder, unless in any case subject to this paragraph (b) the specific prior written consent and approval of Secured Party shall have been obtained.

2.04. Debtor will neither alter or change, nor allow to be altered or changed, nor allow to become inaccurate in any manner, any of the information given in this Agreement without first notifying Secured Party in advance, in writing, of such change or alteration and without further obtaining Secured Party's prior written consent to such change or alteration.

2.05. Debtor will not sell or offer to sell or otherwise transfer or encumber or dispose of the Collateral or any interest therein without the prior written consent of Secured Party.

2.06. Debtor will keep the Collateral free from any adverse lien, claim, charge, security interest or encumbrance.

2.07. Debtor will not release or surrender any of the Collateral at any time or times without the prior written consent of Secured Party.

2.08. Debtor will not release or surrender any guaranty, suretyship agreement, indemnity or security for any of the Collateral at any time or times except incident to payment in full thereof.

2.09. All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit made or delivered to Secured Party by or on behalf of Debtor prior to, contemporaneously with or subsequent to the execution of this Agreement are and shall be true, correct, complete, valid and genuine.

2.10. Any instruments, securities, chattel paper, money or monies, or documents that are, at any time or times, included in the Collateral, whether as proceeds or otherwise, shall promptly be delivered by Debtor to Secured Party upon demand therefor by Secured Party.

2.11. Debtor hereby agrees to cooperate fully with Secured Party in order to permit Secured Party to sell, at foreclosure or other private sale, the Collateral pledged hereunder.

2.12. Neither the execution nor delivery of this Agreement or any financing statement in connection herewith, nor the performance of the provisions hereof or contemplated hereby by Debtor, will violate, conflict with or cause a default under any agreement, judgment, order or writ to which Debtor is bound or a party or by which any of its property is bound or subject.

2.13. Any documents which constitute a portion of the Collateral are genuine, valid and enforceable in accordance with the terms thereof and cover goods which are in possession of the issuer or issuers of said documents and which are correctly and accurately described and identified in the documents. The documents are subject only to such terms and conditions, if any, as are specifically noted therein or thereon.

2.14. The Secured Party shall be and is hereby subrogated to any claim of Debtor now or hereafter existing or arising against any issuer of any documents which constitute a portion of the Collateral or any other party for loss or damage to the goods to which said documents relate. Secured Party shall not be obligated to enforce the documents or to assert any claim which may arise thereunder against the issuer, which Debtor agrees to do; but the Secured Party may at its option take any action (either in its name or in the name of Debtor) which it deems appropriate to enforce the documents and to assert and establish any claim now or hereafter existing or arising against any issuer of the documents or any other party for loss or damage to goods to which the documents relate, it being agreed that Debtor shall reimburse the Secured Party for any costs, expenses, attorneys fees and legal expenses thereby incurred by the Secured Party and that all amounts recovered by Secured Party or any such claim shall be applied toward the Obligations in such order and manner as the Secured Party may elect.

2.15. Debtor agrees that it shall not be necessary or required, and that Debtor shall not be entitled to require, the Secured Party file suit or proceed to obtain or assert a claim

for personal judgment against Borrower or that Secured Party proceed against or foreclose against or seek to realize upon any other security now or hereafter existing for the Obligations, or any part thereof, or for any other indebtedness of Borrower to Secured Party or file suit or proceed to obtain or assert a claim for personal judgment against any other party (maker, guarantor, endorser or surety) obligated on the Obligations or on any other indebtedness of Borrower to Secured Party before, or as a condition of, or at any time after foreclosing upon or otherwise selling or disposing of or utilizing the Collateral for the purpose of, paying the Obligations or any part thereof.

2.16. The address shown for Debtor at the beginning of this Agreement is that of Debtor's only place of business.

2.17. Debtor will at all times maintain, preserve, defend and protect all of the Collateral subject to any security interests pursuant to this Agreement, and take all action necessary to keep the business carried on in connection therewith properly and advantageously conducted at all times, and, specifically, but without limitation, to keep (i) the Management Agreements in full force and effect while the Loan is outstanding and (ii) the Collateral and any portion thereof free and clear of any and all liens, security interests, assessments, encumbrances or claims of any kind except for the security interest and assignment in favor of Secured Party or such interest to which Secured Party shall consent in writing.

2.18. Debtor will:

(a) Take all actions necessary to maintain and preserve all security for the Collateral at all times as valid, subsisting and perfected as to all of the property affected and covered thereby and to maintain the priority and validity of the security for the Collateral as against the rights, claims and interests of all other persons and parties whomsoever; and if any account, chattel paper, instrument or general intangible included in the Collateral, or any part thereof, is secured by any good, chattel, motor vehicle or other property with respect which certificates of title or similar documents are, at any time and pursuant to the laws of any jurisdiction, issued or outstanding, Debtor will promptly advise Secured Party thereof and promptly cause the interest of Secured Party to be properly noted thereon, and Debtor will further promptly deliver to Secured Party any such certificate of title or similar document issued or outstanding at any time with respect to such goods, chattels, motor vehicles, or other property; if any certificate of title or similar document is so issued and outstanding at the time this Agreement is executed by or on behalf of Debtor,

then Debtor shall cause the interest of Secured Party so to have been properly noted at or before the time of such execution.

(b) Authorize and hereby does authorize Secured Party to file, in jurisdictions where this authorization will be given effect, this Agreement, a financing statement or any other document or agreement giving notice of the security interest hereunder, signed only by Secured Party covering the Collateral. At the request of Secured Party, Debtor will join Secured Party in executing such documents as Secured Party may determine, from time to time, to be necessary and desirable under the provisions of the Uniform Commercial Code, as adopted and as amended in the State of Texas (the "Code") or other pertinent statutes or regulations; without limiting the generality of the foregoing, Debtor agrees to join Secured Party, at Secured Party's request, in executing one or more financing statements or any document or agreement giving notice of the security interest hereunder, in form satisfactory to Secured Party, and Debtor will pay the cost of filing or recording the same, or of filing or recording this Agreement, in all public offices at any time and from time to time, whenever filing or recording of any such financing statement or of this Agreement is deemed by Secured Party to be necessary or desirable. In connection with the foregoing, it is agreed and understood between the parties hereto (and Secured Party is hereby authorized to carry out and implement the following agreements and understandings and Debtor hereby agrees to pay the costs thereof) that Secured Party may, at any time or times, file as a financing statement and any counterpart, copy or reproduction of this Agreement signed by Debtor if Secured Party shall elect so to file, and it is also agreed and understood that Secured Party may, if deemed necessary or desirable to file (or sign and file) as a financing statement any carbon copy of, or photographic or other reproduction of, this Agreement, or of any financing statement executed in connection with this Agreement.

(c) At all times keep all Collateral insured pursuant to the applicable provisions of each of the Management Agreements, and in the event either of the Management Agreements is terminated by any of its parties for any reason, or in the event Secured Party deems the Collateral insufficiently insured, immediately (at Debtor's expense) provide and maintain at all times insurance with respect to the Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as Secured Party may require, containing such terms, and such forms, for such periods, and written by such companies as may be satisfactory to Secured Party; such insurance shall be payable to Secured Party and Debtor as their interest may appear and to no other

person or persons without Secured Party's prior written consent; all policies of insurance will provide for ten (10) days' written minimum cancellation notice to Secured Party; Debtor will furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing provisions concerning insurance and the payment of provisions; and Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral but Secured Party shall not be obligated by this provision so to act; and if, at any time or times, Debtor shall fail to take out or maintain any insurance required under this Agreement or under this Subsection, Secured Party may (but should not be obligated to do so), without anyway waiving such default by Debtor, take out or maintain such insurance, and all premiums and other costs paid by Secured Party incident thereto shall, upon demand, be repayable by Debtor to Secured Party with interest thereon for the date expenditure is made by Secured Party until repaid at the Maximum Rate and shall be and become a part of the Obligations secured hereby. Any funds or proceeds received by Debtor pursuant to policies of insurance required by this Agreement or otherwise obtained by Debtor with respect to the Collateral shall be received and held by Debtor in trust for Secured Party, shall be paid into a separate deposit account, shall not be commingled with any other funds or accounts, and shall not be dispersed without the prior written consent of Secured Party. At its option, Secured Party may use or may permit to be used any insurance proceeds received by Secured Party for the reconstruction or repair of the Collateral without anyway impairing or affecting its rights hereunder.

(d) Keep the Collateral free from any adverse lien, charge, security interest or encumbrance, whether voluntary or involuntary, and in good order and repair and will not waste, destroy, misuse or abuse the Collateral or any part thereof or allow any of the same to deteriorate except for normal wear and tear from its normal intended primary use.

(e) Promptly pay when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement or upon any note or notes evidencing the Obligations.

SECTION 3. REPRESENTATIONS, COVENANTS AND AGREEMENTS OF BORROWER

Borrower represents, covenants and agrees that:

3.01. Borrower has furnished Bank with his personal financial statement. Such financial statement is true and correct and has been prepared in accordance with generally

accepted accounting principles, and fairly presents the financial condition of Borrower on its date. There have been no material adverse changes in the financial condition of Borrower since the date of such financial statement. As of the date of such financial statement there were no liabilities material to Borrower, direct or indirect, fixed or contingent, which were not reflected in the financial statement or the notes thereto.

3.02. All Obligations arising under this Agreement, the Note or any other agreement between Borrower and Bank, are the personal obligations of Borrower unless specifically and expressly released pursuant to a writing signed by Bank, and will not be affected by any security interest securing payment or performance of such Obligations. Borrower will continue to be liable in such event any deficiency results after the Collateral for such Obligations is sold upon default.

3.03. The Collateral has been bought and used and will continue to be used primarily for business use and the original loan was used to acquire the Collateral and the proceeds of the Note will be used to refinance the original loan.

3.04. Borrower has full power and lawful authority to execute this Agreement and take all actions as provided for herein.

3.05. All information supplied and statements made by Borrower in any financial, credit or accounting statement or application for credit made or delivered to Bank by or on behalf of Borrower prior to, contemporaneously with or subsequent to the execution of this Agreement are and shall be true, correct, complete, valid and genuine.

3.06. Borrower will furnish to Bank on August 4th of each year, or any time Bank may request, a copy of Borrower's personal financial statement for such year, prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year, except as noted.

3.07. Borrower will pay in full and on demand all out-of-pocket expenses, including without limitation attorneys' fees incurred by Bank in connection with the preparation, lending, administration, collection or enforcement of or under this Agreement or any instruments or agreements in connection with this Agreement.

3.08. Borrower will if at any time or times Bank shall be of the opinion that the Collateral is not sufficient or has declined or may decline in value, or Bank shall deem payment of the Obligations to be insecure, then Bank, at its option, may call for additional collateral and security, satisfactory to Bank, to secure the payments of the Obligations, and Borrower covenants, promises and agrees to furnish such additional collateral forthwith. Further, Borrower covenants, promises and agrees to execute any agreement, instruments or document, and take and permit to be taken all such steps and actions, as Bank, in its reasonable business judgment, may deem necessary to create and perfect any lien in any additional collateral. The call for additional collateral may be oral or by telegram or by United States Mail addressed to Borrower at the address specified in Section 7.01 hereof.

3.09. Borrower will not alter or change, allow to be altered or changed, or allow to become inaccurate in any manner, any of the information given in this Agreement without first notifying Bank in advance and in writing of any such change or alteration in any of the information given herein, including, but without limitation, the address of Borrower and the description applicable to said address.

SECTION 4. SPECIAL PROVISIONS

4.01. At its option, Bank may at any time or times pay or discharge any taxes or assessments, liens or security interests or other encumbrances at any time levied or placed on the Collateral or any portion thereof and any cost, penalties or interest thereon, and shall be the sole judge as to the validity and effect thereof and as to the amount required to discharge same, and may pay for insurance on the Collateral and for costs of maintenance, preservation or repair of the Collateral. In the event Bank shall pay any such taxes, assessments, interest, cost, penalties, insurance premiums or expenses pursuant to the foregoing authorization, Borrower, upon demand of Bank, shall pay to Bank the full amount thereof with interest at the Maximum Rate from their respective dates of payment by Bank until repaid to Bank in full, and so long as Bank shall be entitled to any such payments, this Agreement operates as security therefor as fully and to the same extent as it operates its security for the payment of the other Obligations due from Borrower, and for the enforcement of such repayment Bank shall have every right and remedy provided for enforcement of payment of the Obligations hereunder.

4.02. All accounts, instruments and chattel paper included in the Collateral will meet the following requirements continuously until they are collected in full:

(a) Said account, instrument or chattel paper and all papers and documents relating thereto are genuine and in all respects what they purport to be, and are valid and subsisting and arose from the performance of services by Debtor which have been fully and completely performed or from the bona fide sale or lease of goods by Debtor in which Debtor is the sole and complete ownership, and such goods have been shipped or delivered to and accepted by the purchaser or lessee; and

(b) Said account, instrument or chattel paper arose or was acquired by Debtor in the ordinary course of its business and is owned by Debtor free and clear of all liens, encumbrances or security interest and assignment of any nature other than the security interest of Bank hereunder, and no notice of bankruptcy, insolvency or financial embarrassment of the party indebted thereon has been received by Debtor.

4.03. Bank shall never be under any obligation to collect, attempt to collect, protect or enforce the Collateral or any security therefor or any portion thereof, which Borrower and Debtor agree and undertake to do so at Borrower's and Debtor's expense; but Bank may do so in its discretion at any time or times, and Bank shall have the right to take any steps by judicial process or otherwise it may deem proper from time to time to affect the collection of all or any portion of the Collateral or to protect or enforce the Collateral or any security therefor. All expenses (including, without limitation, attorney's fees and legal expenses) incurred or paid by Bank in connection with or incident to any such collection or attempt to collect the Collateral or actions to protect or enforce the Collateral or any security therefor shall be borne by Borrower or Debtor or reimbursed by Borrower or Debtor to Bank upon demand. The proceeds of collection of the Collateral shall be held by Bank without liability for interest thereon and may be applied by Bank as Bank may deem appropriate toward payment of any of the Obligations secured hereby, whether or not then due, in such order or manner as Bank may elect.

4.04. (a) The term "account," "accounts" or "accounts receivable" as used herein includes all accounts, notes, drafts, acceptances, instruments and chattel paper in which at any time or from time to time, Secured Party has or is intended to have a security interest under or pursuant hereto pertaining to or in respect of the Collateral.

(b) Secured Party shall have the privilege at any time upon request of inspecting during reasonable business hours any of the business locations or premises of Borrower and Debtor and the books and records of Borrower and Debtor relating to said accounts or the collection thereof as well as those relating to Borrower's or Debtor's general business and financial condition; and Borrower and Debtor will make such books and records available for such inspection and reasonably assist Secured Party in its inspection of same. Borrower and Debtor further agree from time to time to furnish such other reports, data and financial statements, including, if any, audits by independent public accountants, in respect of its business and financial condition as Secured Party may reasonably require. With respect to the Collateral, Secured Party shall have the right, exercisable at any time, whether before or after default by Borrower, to notify any and all account debtors, lessees, or obligors to make payment on any and all accounts, leases or obligations directly to Secured Party; and Borrower and Debtor will upon request of Secured Party, likewise notify all such account debtors, lessees or obligors to make payment directly to Secured Party; but to the extent Secured Party does not so elect, Debtor shall continue to collect the accounts, lease payments and obligations. Proceeds of accounts transmitted to Secured Party from Debtor or received by Secured Party may be handled and administered by Secured Party, in its discretion, in and through a remittance or similar special account, but Debtor acknowledges that the maintenance of such an account by Secured Party is solely for its convenience in facilitating its own operations and that Debtor does not and shall not have any right, title or interest in said account or in the amounts at any time to the credit thereof. Except to the extent Secured Party may from time to time in its discretion release proceeds to Debtor for use in its business, all proceeds of Collateral received by Secured Party shall be applied on the Obligations secured hereby, whether or not such indebtedness shall have by its terms matured, such application to be made at such intervals, and first to interest then accrued and then to principal or exclusively to principal (the interest from time to time accruing to be charged to the general account of Borrower or to be paid separately by Borrower) as Secured Party may determine, except that Secured Party need not apply or give credit for any item included in such proceeds until Secured Party has received final payment thereof at its office in cash or solvent credits accepted as such by Secured Party.

(c) Secured Party shall have the right in its own name or in the name of Debtor to demand, collect, receive, receipt for, sue for, compound and give acquittance for, any and all amounts due or to become due on the accounts and to endorse the name of Debtor on all commercial paper given in

payment or part payment thereof, and in its discretion to file any claim or take any other action or proceedings which Secured Party may deem necessary or appropriate to protect and preserve and realize upon the security interest and assignment of Secured Party in the accounts and the proceeds thereof and security therefor.

(d) Borrower and Debtor will from time to time execute such further instruments and do such further acts and things as Secured Party may reasonably require by way of further assurance to Secured Party of the matters and things herein provided for or intended so to be. Without limiting the foregoing Debtor agrees to execute and deliver to Secured Party an assignment or other form of identification in the form required by Secured Party of all accounts included in the Collateral, together with such other evidence of the existence and identity of such accounts as Debtor may reasonably require; and Debtor will mark its books and records to reflect the specific assignment of such accounts.

(e) Returned or repossessed goods arising from or related to any accounts shall, unless otherwise agreed in writing by Secured Party, be held separate and apart from any other property of Debtor, and such returned or repossessed goods shall constitute and remain part of the Collateral hereunder. Debtor shall as often as requested by Secured Party, report to Secured Party the appropriate identifying information with respect to such returned or repossessed goods relating to accounts.

SECTION 5. EVENTS OF DEFAULT

Borrower and Debtor shall be in default under this Agreement immediately upon the occurrence or happening of any of the following events or conditions (herein referred to individually as an "Event of Default"):

(1) Default in the payment when due of the principal of, or interest on, any of the Obligations, or any default in the performance of the Obligations, or any of them; or

(2) Default shall be made with respect to any indebtedness (other than the Note), of Borrower or Debtor (whether or not such indebtedness is owed to Bank) for which waivers or consents have not been obtained, if the effect of such default is to accelerate the maturity of such indebtedness or to permit the holder thereof or cause such indebtedness to become due prior to its stated maturity or any such indebtedness shall not be paid when due; or

(3) Proceedings are brought against Borrower, or commenced by, or Debtor under or pursuant to any federal or state bankruptcy law or similar law, or Borrower dies, or Borrower is adjudged non compos mentis; or

(4) Final judgment for the payment of money shall be rendered against Borrower or Debtor, and the same shall remain undischarged for a period of ten (10) days during which execution shall not be effectively stayed; or

(5) Borrower shall (i) admit in writing his inability to pay his debts as they mature; (ii) make a general assignment for the benefit of creditors; or (iii) file a voluntary petition in bankruptcy; or

(6) Dissolution, termination of existence, insolvency or business failure of Debtor or Borrower, commission of an act of bankruptcy by, or appointment of a receiver or other legal representative for any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency law by or against, Debtor or Borrower; or

(7) Any representation or warranty made herein shall prove to be false or misleading in any material respect; or

(8) Any report, certificate, financial statement or other instrument furnished in connection with this Agreement or the borrowings hereunder shall prove to be false or misleading in any material respect; or

(9) Failure or refusal of Borrower or Debtor to perform or observe any covenant, duty, condition or agreement on the part of Borrower or Debtor to be observed or performed pursuant to the terms of this Agreement or any other agreement executed in connection herewith; or

(10) Default under or in the performance of any agreement or obligation of Borrower or Debtor to Bank, whether or not in connection with this Agreement; or

(11) Notwithstanding any of the provisions contained herein, Bank believes, in good faith, that the prospect of the payment of the Note is impaired; or

(12) Any of the security for the Loan is sold, encumbered (unless in favor of the Bank), or seized; or

(13) Any deterioration or impairment of the Collateral or any part thereof or any decline or depreciation in the market value thereof (whether actual or reasonably anticipated) which, in the judgment of Bank, causes the Collateral to become unsatisfactory as to value or character, including, without limitation, termination of the Management Agreements; or

Insert (14) ~~Loss, theft, substantial damage, destruction,~~ sale or encumbrance of or to any of the Collateral or the levy of any attachment, execution or other process against Debtor, Borrower or any of the Collateral.

SECTION 6. REMEDIES

In the event of default in the payment of any of the Obligations or any principal, interest or other amount payable thereunder, when due, or upon the happening of any of the Events of Default specified above, and at any time thereafter, (i) any right of Borrower to borrow, or any obligation of Bank to lend, any portion of the Loan then yet to be advanced shall automatically terminate upon the occurrence of any such event, and (ii) at the option of the holder thereof, any or all of the Obligations (exclusive of unearned interest) shall become immediately due and payable without demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate maturity, notice of acceleration of maturity, or any other notice of any kind to Borrower or Debtor or any other person obligated thereon, and Bank shall have and may exercise with reference to the Collateral and Obligations and any other collateral or security, or both, securing the performance or payment, or both, of any and all of the Obligations, any or all of the rights and remedies of a secured party under the Code, and as otherwise granted herein or under any other applicable law or under any other agreement executed by Borrower or Debtor, including, without limitation, the right and power to sell, at public or private sale or sales, or otherwise dispose of, lease or utilize the Collateral and any part or parts thereof in any manner authorized or permitted under said Code after default by a debtor, and to apply the proceeds thereof toward payment of any costs and expenses and attorneys' fees and legal expenses thereby incurred by Bank and toward payment of the Obligations in such order or manner as Bank may elect. Among the rights of Bank in the Event of Default, and without limitation, Bank shall have the right to take possession of all or any part of the

Collateral or any securities therefore and of all books, records, papers and documents of Borrower or Debtor or in Borrower's or Debtor's possession or control relating to the Collateral and for such purpose may enter upon any premises where any of the Collateral or security therefor or any of said books, records, papers and documents may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned, and to take any action deemed necessary or appropriate or desirable by Bank, at its option and in its discretion, to repair, refurbish or otherwise prepare the Collateral for sale, lease or other use or disposition as herein authorized. To the extent permitted by law, Borrower and Debtor expressly waive any notice of sale or other disposition of the Collateral and any other rights or remedies of Borrower and Debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of Bank existing after default hereunder; and to the extent any such notice is required and cannot be waived, Borrower and Debtor agree that if such notice is mailed, postage prepaid, to Borrower and Debtor at the mailing address specified for Borrower and Debtor, respectively, at Section 7.01 hereof at least ten (10) days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

Bank is expressly granted the right, at its option, to transfer at any time to itself or to its nominee the Collateral, or any part thereof, and to receive the monies, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for the Obligations or to apply it on the principal and earned interest or other amounts owing on any of the Obligations, whether or not then due, in such order or manner as Bank may elect. Bank is further expressly granted the rights, exercisable at its option at any time, whether before or after default, to take control of any proceeds payments, collections, monies, income, or benefits, and to notify account debtors, lessees, obligors on any instruments, or other obligors to make all payments directly to Bank on any and all accounts, leases, instruments, or obligations, income, monies, proceeds or other benefits, constituting, at any time or from time to time, a part of the Collateral, and to hold any payments, collections, monies, income, proceeds or benefits as security for the Obligations or to apply it on the principal and interest or other amounts owing thereon, whether or not then due and in such order or manner as Bank may elect; and Debtor will, upon request of Bank, so notify all such account debtors, lessees or obligors.

All rights to marshalling of assets of Debtor and/or Borrower, including any such right with respect to the Collateral, are hereby waived by Debtor and Borrower.

All recitals in any instrument of assignment or any other instrument executed by Bank incident to sale, transfer, assignment, lease or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein and no other proof shall be requisite to establish full legal propriety of the sale or other action taken by Bank or of any fact, condition or thing incident thereto and all prerequisites of such sale or other action or of any fact, condition or thing incident thereto shall be presumed conclusively to have been performed or to have occurred.

Bank may require Debtor and/or Borrower to assemble, and to take all actions and steps necessary to assemble, the Collateral and make it available to Bank at a place to be designated by Bank that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral and the like which are incurred or paid by Bank as authorized or permitted hereunder, including also all attorney's fees, legal expenses and costs, shall be added to the Obligations and Borrower shall be liable therefor.

The right of Bank to take possession or control of the Collateral upon the happening of any of the events or conditions constituting a default may be exercised without resort to any court proceeding or judicial process whatever and without any hearing whatever thereon; and, in this connection, EACH OF DEBTOR AND BORROWER EXPRESSLY WAIVE ANY CONSTITUTIONAL RIGHTS OF EACH OF BORROWER AND DEBTOR WITH REGARD TO NOTICE, ANY JUDICIAL PROCESS OR ANY HEARING PRIOR TO THE EXERCISE OF THE RIGHT OF BANK TO TAKE POSSESSION OR CONTROL OF THE COLLATERAL UPON THE HAPPENING OF ANY OF THE EVENTS OR CONDITIONS CONSTITUTING A DEFAULT.

SECTION 7. GENERAL

7.01. Any notice shall be conclusively deemed to have been received by a party hereto and be effective on the day on which delivered to such party at the address set forth below (or at such other address as such party shall specify to the other party in writing) or if sent by registered mail, on the third business day after the day on which mailed, addressed to such party at said address:

(a) If to Bank, at:

MBank Houston, National Association
910 Travis
Houston, Texas 77002

Attention: Mr. Randall E. Schroeder

(b) If to Borrower, at:

750 Pifer
Houston, Texas 77024

(c) If to Debtor, at:

Pifer Tank Car Company
750 Pifer
Houston, Texas 77024

Attention: Mr. Gardner W. Heidrick, Jr.

But actual notice to Borrower or Debtor, however given or received, shall always be effective.

7.02. All covenants, agreements, representations and warranties made herein shall survive the making by Bank of the loans herein contemplated and the execution and delivery to Bank of the Note evidencing such loans and shall continue in full force and effect so long as the Note, or any renewal, rearrangement or extension thereof, is outstanding and unpaid. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of Borrower or Debtor which are contained in this Agreement shall inure to the benefit of the successors and assigns of Bank.

7.03. This Agreement and the Note shall be construed in accordance with, and governed by the laws of, the State of Texas and, to the extent controlling, the United States of America.

7.04. No failure nor any delay or omission on the part of Bank in exercising any right, power or privilege hereunder or under any agreement executed by and between Borrower and/or Debtor and Bank shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right, power or privilege. A waiver on any one or more occasions shall not be construed as a bar to or waiver of any

right or remedy on any future occasion. The remedies herein provided are cumulative and not exclusive of any remedies provided by law or otherwise.

7.05. Any deposit, deposit account, certificate of indebtedness, certificate of deposit or other sums at any time credited by or due from the holder of the Obligations to Borrower or any endorser, guarantor or surety of any of the Obligations and any securities or other property of Borrower or any endorser, guarantor or surety of any of the Obligations in the possession of the holder of the Obligations may at all times be held and treated as additional and cumulative collateral security for the payment of the Obligations, and Borrower grants Bank a security interest in all such deposits, deposit accounts, certificates of indebtedness or deposit, sums, securities and other properties as additional and cumulative security for payment of the Obligations. The holder of the Obligations may, without notice to, or consent from, Borrower or Debtor, apply or set-off such deposits, deposit accounts, certificates of indebtedness or deposit, sums, securities or other properties against the Obligations at any time, but only with respect to matured liabilities in case of the endorsers, guarantors, or sureties of any of the Obligations.

7.06. It is the intent of Bank, Debtor and Borrower in the execution of this Agreement and all other instruments executed in connection herewith to remain in strict compliance with all applicable laws from time to time in effect. In furtherance thereof, Bank, Debtor and Borrower specifically intend to contractually limit the amount of interest payable on the Loan to the maximum lawful amount permitted under applicable laws (including the laws of the State of Texas and, to the extent controlling, federal laws) from time to time in effect. In furtherance thereof, none of the terms of this Agreement, the Note or any other instruments pertaining to or securing payment of the Loan shall ever be construed to create a contract to pay interest in excess of the Maximum Rate. Neither Borrower nor any other party liable for the payment of the Note shall ever be liable for interest in excess of the Maximum Rate and the provisions of this paragraph shall control over all other provisions of this Agreement, the Note or of any other instruments pertaining to or securing payment of the Loan. If any amount of interest taken or received by Bank shall be in excess of that calculated at the Maximum Rate, then any such excess shall be deemed to have been the result of a mathematical error by the parties hereto and shall be refunded immediately to Borrower or, at the option of Bank, applied against the unpaid principal balance of the Loan.

If maturity of the Obligations shall be accelerated for any reason, the full amount of any interest then unearned which has been collected theretofore by or for Bank shall thereupon be credited against the Obligations. Notwithstanding any other provision in this Agreement or in the Obligations or any of them, Borrower shall never be liable for unearned interest on the Obligations, or on any of them, and shall further never be required to pay interest on the Obligations, or on any of them, at a rate in excess of the Maximum Rate. The provisions of this paragraph shall have no application to a premium or bonus payable upon any voluntary anticipation of payment by Borrower on the Obligations or any part thereof. The intent of the parties being to conform and comply fully with all laws concerning usury applicable hereto or to the Obligations or any of them, any agreement concerning interest in any of the foregoing shall be subject to reduction to the amount allowed under the applicable laws with respect to usury, as now or hereafter construed by the courts with jurisdiction thereof, and any interest collected in excess of the amount authorized and permitted by such laws shall be refunded to the person paying the same, or credited against the Obligations.

7.07. No modification, amendment or waiver of any provision of this Agreement or the Note, nor consent to any departure by Borrower or Debtor therefrom, shall in any event be effective unless the same shall be in writing and signed by Bank, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower or Debtor in any case shall entitle Borrower or Debtor to any other or further notice or demand in the same, similar or other circumstances. This Agreement may be executed in multiple original counterparts.

7.08. The execution and delivery of this Agreement in no manner shall impair or affect any other security (by endorsement or otherwise) for the payment of the Obligations and no security taken heretofore, now or hereafter as security for payment of any part or all of the Obligations shall impair in any manner or affect this Agreement, all such present and future additional security to be considered as cumulative security. Any of the Collateral may be released from this Agreement without altering, varying, or diminishing in any way the force, effect, lien, security interest, or charge of this Agreement as to the Collateral not expressly released, and this Agreement shall continue as a first lien, security interest and charge on all of the Collateral not expressly released until all sums and indebtedness secured hereby has been paid in full. Any future assignment or attempted assignment or transfer of the interest of Debtor in and to any of the Collateral shall not deprive Bank of the right to sell or otherwise dispose of or utilize all of the Collateral as above

provided or necessitate the sale or disposition thereof in parcels or in severalty. This Agreement shall not be construed as relieving Borrower from full personal liability of the Obligations and any and all future and other indebtedness secured hereby and for any deficiency thereon.

In protecting, exercising or assuring its interests, rights and remedies under this Agreement, Bank may receive, open and dispose of mail addressed to Borrower or Debtor and execute, sign and endorse negotiable and other instruments for the payment of money, documents of title and other evidences of payment, shipment or storage for any form of Collateral or proceeds on behalf of and in the name of Debtor and/or Borrower.

Bank is hereby subrogated to all of Borrower's and Debtor's interests, rights and remedies in respect to the Collateral and all security now or hereafter existing with respect thereto and all guaranties and endorsements thereof and with respect thereto.

Bank may, at its option, whether or not the Obligations are due, demand, sue for, collect or make any compromise or settlement it deems desirable with reference to the Collateral. Bank shall not be obligated to take any steps necessary to preserve any rights in the Collateral against other parties, which Debtor hereby assumes to do.

7.09. Debtor specifically waives any notice of the creation, advancement, increase, existence, extension or renewal of, or any indulgence with respect to, the Obligations and any part thereof, and of any non-payment thereof, or default thereon, and waives demand, protest, presentment and notice of demand, protest and presentment, notice of intent to accelerate, notice of acceleration and any and all other notice with respect to the Obligations, and waives notice of the amount of the Obligations outstanding at any time, and agrees that the maturity of the Obligations, and any part thereof, may, to the extent not inconsistent with the expressed provisions hereof, be accelerated, extended or renewed by Secured Party in its discretion or as may be agreed by Borrower, without notice to or consent by Debtor. Debtor agrees that no renewal or extension of, or any indulgence with respect to, the Obligations, or any part thereof, no release of any Security for the Obligations, or any part thereof, no release of Borrower or any other person primarily or secondarily liable on the Obligations, or any part thereof (including any maker, endorser, guarantor or surety), no delay in enforcement of payment of the Obligations, or any part thereof, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any other security therefore or guaranty thereof

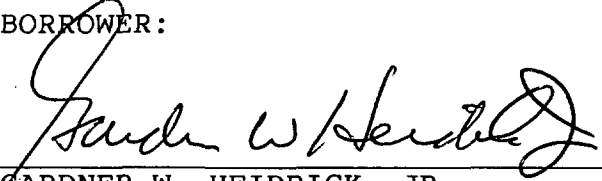
under this Agreement shall in any manner impair or affect the rights of Secured Party hereunder or any security agreement, guaranty or other lien instrument executed by Debtor to Secured Party covering or pertaining to the Collateral or the Obligations. Debtor specifically agrees it shall not be necessary or required, and that Debtor shall not be entitled to require, that Secured Party file suit or proceed to obtain or assert a claim for personal judgment against Borrower or that Secured Party proceed against or foreclose against or seek to realize upon any of the security now or hereby existing for the Obligations or file suit or proceed to obtain or assert a file for personal judgment against any other person (maker, guarantor, endorser or surety) obligated on the Obligations before, or as a condition of, or at any time after foreclosing upon or otherwise selling or disposing or utilizing the Collateral for the purpose of paying the Obligations or any part thereof. Debtor expressly waives any right to the benefit of, or to require or control applications of, any other security or the proceeds of any other security now existing or hereafter obtained by Secured Party as security for the Obligations, or any part thereof, and agrees that the Secured Party shall have no duty or obligation insofar as Debtor is concerned to apply upon any of the Obligations, any monies, payments or other property any time received by or paid to Secured Party, except as Secured Party shall determine in its sole discretion.

7.10. To the extent permitted by applicable law, the unenforceability or invalidity, as determined by a court of competent jurisdiction, of any provision of this Agreement, shall not render unenforceable or invalid any other provision or provisions thereof.

7.11. As used in this Agreement and when required by the context, each number (singular and plural) shall include all numbers, and each gender shall include all genders; and unless the context otherwise requires, the word "person" shall include "corporation, firm or association."

IN WITNESS WHEREOF, Borrower, Debtor and Bank have entered into this Agreement as of the 4th day of August, 1987.

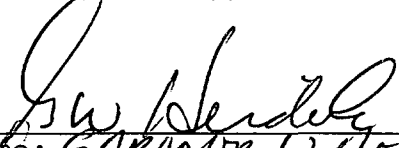
BORROWER:


GARDNER W. HEIDRICK, JR.

DEBTOR:

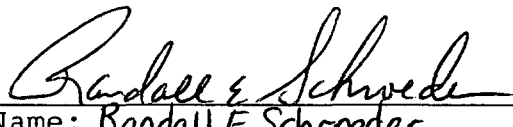
PIFER TANK CAR COMPANY

By


Name: GARDNER W. HEIDRICK JR.
Title: PRESIDENT

MBANK HOUSTON, NATIONAL ASSOCIATION

By


Name: Randall E. Schroeder
Title: Vice President

THE STATE OF TEXAS

COUNTY OF HARRIS

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§

BEFORE ME, the undersigned authority, on this day personally appeared Gardner W. Heidrick, Jr., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office this 4 day of August, 1987.

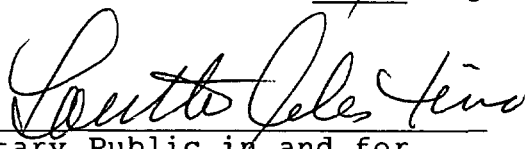
Notary Public in and for
Harris County, Texas

THE STATE OF TEXAS
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared Gardner W. Heidrick, Jr., of Pifer Tank Car Company known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of Pifer Tank Car Company.

GIVEN under my hand and seal of office this 4 day of August, 1987.




Notary Public in and for
Harris County, Texas

THE STATE OF TEXAS
COUNTY OF HARRIS

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BEFORE ME, the undersigned authority, on this day personally appeared V. P. Randall Schroeder of MBank Houston, National Association, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of MBank Houston, National Association.

GIVEN under my hand and seal of office this 4 day of August, 1987.



Notary Public in and for
Harris County, Texas